



Poland: Weekly Macroeconomic Update

LAST WEEK:

In April **PPI** was 0,7% down m/m and rose by 6,8% y/y compared to 10.1% y/y in March. In April producer prices in manufacturing rose by 1.7% y/y only while producer prices in utilities (including energy generation and distribution) were 42.7% up y/y.

In April **industrial output** fell by 14.8% m/m and was 6.4% down y/y compared to a 2.9% y/y decline in March. In April manufacturing output fell by 6.5% y/y while output in utilities (including energy generation and distribution) was 14.3% y/y down.

In April **average employment** in enterprises' sector rose by 0.1% m/m and was 0.4% up y/y while **average wage** in enterprises' sector fell by 1.0% m/m and was 12.1% up y/y. Wage growth is gradually decelerating due to gradual deceleration in consumer inflation and lower growth in employment.

In April **construction output** fell by 3.5% m/m and rose by 1.2% y/y. A small increase in construction output was caused by 4.8% y/y growth in infrastructure construction and 7.0% y/y growth in specialized works while construction of buildings fell by 6.4% y/y.

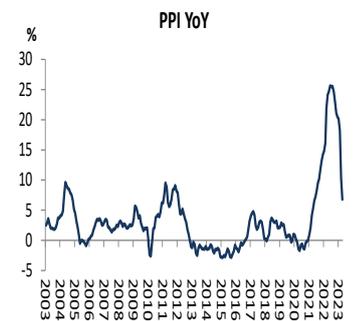
In April **real retail sales** rose by 0.1% m/m and fell by 7.3% y/y. The strongest decline in real retail sales was reported in other sales (down 17.3% y/y), press, books and sales in specialized shops (down 15.6% y/y), furniture, electronics and white goods (down 14.7% y/y), fuels (down 14.5% y/y), food (down 8.0% y/y) and automobiles (down 5.1% y/y). In April rose only real retail sales of footwear and clothing but growth rate was marginal (up 0.6% y/y). Deepening decline in real retail sales points to a strong decline in consumers' purchasing power in the beginning of Q2 this year as a result of high energy prices, food prices and an increase in general price level in the economy, including services. Nominal retail sales rose by 0.6% m/m and were 3.4% up y/y in April.

Consumer confidence indicator rose to -29.9 in May from -32,2 in April, mainly due to improvement in expectations component. In May consumers, similarly to April, were reducing purchases of important items.

Money supply (M3) rose by 0.3% m/m and was 6.7% up y/y in April versus 6.5% y/y growth in March.

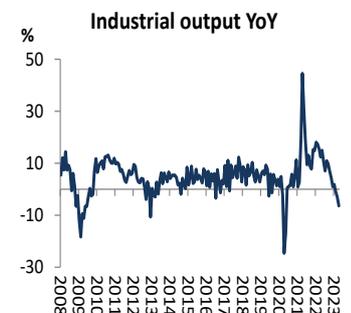
Registered unemployment rate fell to 5.2% in April from 5.4% in March. In Q1 2023 unemployment rate (calculated on the basis of labour survey) amounted to 2.9% and remained unchanged versus Q4 2022.

Figure 1. PPI (y/y)



Source: Statistics Poland

Figure 2. Industrial output (y/y growth)



Source: Statistics Poland

Figure 3. Retail sales (y/y growth)



Source: Statistics Poland



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
May-31	8:00	Inflation (prel., May)	0.7% (13.2%)		0.3% (13.4%)
May-31	8:00	GDP (Q1)	-0.2% (3.9%)		-0.2% (3.9%)
Jun-01	7:00	PMI manufacturing (May)	45.9		46.0

Source: Deutsche Bank Estimates., Reuters and Bloomberg Finance LP

FX and interest rate forecasts

	EUR/PLN	USD/PLN	CHF/PLN	GBP/PLN	EUR/USD	Reference rate	WIBOR 3M*	WIBOR 6M*	EURIBOR 3M	LIBOR USD 3M*	CPI (Poland)	Yield on 10Y POLGB
	(end of period)											
May-23	4,525	4,213	4,636	5,224	1,074	6,75	6,90	6,95	3,45	5,45	13,2	6,15
Jun-23	4,521	4,110	4,613	5,138	1,100	6,75	6,90	6,90	3,60	5,55	12,2	6,00
Jul-23	4,518	4,076	4,594	5,115	1,108	6,75	6,90	6,85	3,60	5,50	11,9	5,85
Aug-23	4,514	4,042	4,575	5,094	1,117	6,75	6,90	6,75	3,60	5,25	11,2	5,70
Sep-23	4,511	4,009	4,556	5,072	1,125	6,75	6,85	6,50	3,60	5,00	10,2	5,55
Oct-23	4,507	3,977	4,537	5,051	1,133	6,50	6,60	6,25	3,60	4,85	8,7	5,40
Nov-23	4,504	3,945	4,519	5,029	1,142	6,25	6,35	6,25	3,60	4,60	8,2	5,30
Dec-23	4,500	3,913	4,500	5,009	1,150	6,00	6,10	6,15	3,60	4,60	8,5	5,30
Jan-24	4,495	3,902	4,486	5,002	1,152	6,00	6,10	6,05	3,60	4,35	7,8	5,30
Feb-24	4,490	3,887	4,477	4,984	1,155	5,75	6,00	5,85	3,60	4,35	7,7	5,30
Mar-24	4,490	3,877	4,472	4,975	1,158	5,75	5,90	5,60	3,60	4,35	7,3	5,30
Apr-24	4,490	3,874	4,472	4,970	1,159	5,50	5,60	5,60	3,60	4,35	7,2	5,30

*- According to road map published by the PFSA WIBOR cessation will occur in 2025.

Note: Due to Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 the way of calculation of WIBOR rates and their values may be subject to change.

Note 2: Due to increased market variability and changes in monetary and fiscal policies, forecasts are subject to higher than usual uncertainty.

Source: Deutsche Bank Polska S.A.



Appendix 1

Important Disclosures

Additional information available upon request

Deutsche Bank Polska S.A. represents that the data contained in this publication are of information nature only, and the content presented herein does not constitute an offer within the meaning of Art. 66 of the Civil Code of 23 April 1964, an invitation to offer or a recommendation to enter into any transaction. This publication may not be treated as advice and does not perform any function of advice. All information used in this publication has been obtained from generally accessible sources which are generally recognized as reliable. Deutsche Bank Polska S.A. has exercised due diligence to verify the above information and bring it up to date, but it disclaims any and all liability for its accuracy or completeness, or for any damage that the Client or third parties may incur as a result of decisions made in reliance on the information contained in this publication.

The transactions or products listed herein may not be appropriate for all investors. Before making a decision on entering into a transaction or acquiring a product the Client should, without relying only on the information provided in this publication, make an independent assessment of the economic risk of such transaction and his ability to incur it, its tax and legal nature, the legal consequences of the transaction and potential benefits and losses associated with it, as well as assess the market characteristics.

The assumptions, simulations and opinions contained in this publication constitute the sole judgment of Deutsche Bank Polska S.A.'s / persons preparing it as at the date of publication of this document which is subject to change without a requirement to publish it. Any and all projections are based on assumptions pertaining to market conditions and there is no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results.

Deutsche Bank Polska S.A. represents that the information presented above should not be in any case treated by the Client as Deutsche Bank Polska S.A.'s recommendation or advice. This publication may not be duplicated or distributed in any way, in particular through mass media, without the prior written consent of Deutsche Bank Polska S.A., al. Armii Ludowej 26, 00-609 Warsaw, NIP no. 676-01-07-416, District Court for the capital city of Warsaw, 12th Corporate Division of the National Court Register, file number KRS 0000022493, share capital PLN 1,959,649,384 paid up in full.

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Arkadiusz Krzeńskiak